

LESSONS II - IV & VII

FACTFINDING

NEGOTIATION PREPARATION

CONDUCTING NEGOTIATIONS

NON-VERBAL COMMUNICATIONS

TOPIC: FACTFINDING (CHAPTER 2)

OBJECTIVE: Describe the factfinding process.

TIME: 12:30 - 12:45

METHOD: Lecture

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
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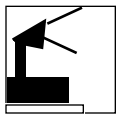
Primary Learning Objective

Condition: Given proposals, technical evaluation reports, the RFP and results of a cost or price analysis

Task: Describe the factfinding process.

Standard: Identify the purpose of factfinding, the Dos and Don'ts of factfinding, and the steps of factfinding.

- a. **Introduce the two stage process: factfinding and negotiation.**



2-1



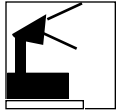
TOPIC: Factfinding

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2-2

- b. Define factfinding as a part of the preparation stage in which information on the contractor's position is obtained.**

Factfinding

Oral or written communication prior to negotiation:

- Obtain information on contractor position
- Identify assumptions
- Clarify matters affecting cost
- Resolve inconsistencies

Text 2.0 & 2.1, p. 17-19

Stress that factfinding is a continuous process (i.e., it usually continues into negotiations).

Prior to bargaining, factfinding is communication with the contractor (orally or in writing) to identify and obtain all information available from the contractor necessary to complete the analysis of the proposal. In addition, factfinding sessions provide the contractor with an opportunity to seek clarification of the government's stated requirements (including the statement of work and any other term or condition of the solicitation).



(Emphasize that in factfinding no bargaining on any term or condition may take place --especially price.) Such information is used to determine the factual basis and estimating assumptions used in the contractor's proposal.

TOPIC: Factfinding

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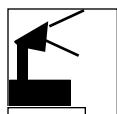
Steps In Presenting The Topic

Instructor Notes

c. Inform students that factfinding centers on:

- Clarifying matters affecting cost, for example:
 - Data requirements,
 - Delivery schedule, or
 - Design and production problems),
- Identifying assumptions, for example:
 - The use of initial production lots in calculating learning curves
- Clarifying assumptions, and
- Resolving inconsistencies.

d. Emphasize the distinction between factfinding and negotiation; in the factfinding stage, price is not discussed or negotiated.



2-3

e. Inform students of the various methods through which such information is acquired, for example:

Factfinding

Methods of Factfinding	Typical Contracting Situation
Telephone conversation	Relatively simple requirement and low dollar value
Face -to-face meetings	Moderate to complex requirements; moderate to high dollar values
Written request for proposal clarification	Relatively complex requirements and high dollar values

Text 2.2, p. 20

- Telephone conversation

To clarify limited points about the contractor's proposal

- Face-to-face meetings

Consisting of either a single representative from each side or many team members from both sides, including technical specialists

TOPIC: Factfinding

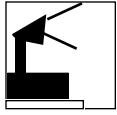
LESSON PLAN

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- Written request for proposal clarification or identification of a proposal deficiency.

Proposal analysis is often supported by price analysts, technical reviewers, auditors, and the like. Depending on what needs clarification, the contract specialist may select and bring some of these individuals into a factfinding meeting with the contractor.

f. Emphasize that it is essential that factfinding team members understand their roles and are able to discriminate between negotiation and factfinding.



2-4

g. Point out that while the potential questions developed in factfinding should cover all information needs on the technical proposal and business terms and conditions, they should not reveal information that could impair the negotiation strategy.

Potential questions

- How was estimate developed?
- Why are levels of the proposed efforts needed?
- How do proposed efforts relate to contract specifications?

Text 2.3, p. 21-22

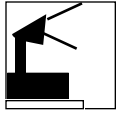
TOPIC: Factfinding

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2-5

- h. Discuss appropriate factfinding behavior (i.e., Dos and Don'ts of Factfinding).**

Do's of Factfinding

- Use questions
- Avoid complex questions
- Be thorough and systematic
- Obtain rationale for estimated amounts
- Caucus with team members

Text 2.4, p. 23

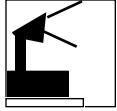
TOPIC: Factfinding

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2-6

Don'ts of Factfinding

- Negotiate price during factfinding
- Interpret how to do a proposed effort for the contractor
- Answer questions that other team members ask the contractor to answer
- Allow the contractor to avoid direct answers
- Discuss available funding or price objectives

Text 2.4, p. 23

TOPIC: Factfinding

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
	<p>i. Review the stages of effective factfinding sessions. Emphasize the need for factfinding to continue until both sides agree on the facts.</p> <ul style="list-style-type: none"> • Introduction • Detailed Interview • Ending <p>j. Discuss the basic communication skills during the factfinding process, that is:</p> <ul style="list-style-type: none"> • Questioning, • Probing, • Listening, and • Understanding. <p>k. Explain that once the team has conducted factfinding, more work must be done to follow-up on the results, for example:</p> <ul style="list-style-type: none"> • Revise prenegotiation objectives, • Amend RFP if necessary, and • Document results. 	

TOPIC: NEGOTIATION PREPARATION (CHAPTER 3)

OBJECTIVE: Develop a negotiation plan.

TIME: 12:45 - 1:15

METHOD: Lecture

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
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Primary Learning Objective

Condition: Given an RFP, contractor proposals, the technical analysis, a completed cost/price analysis (including recommended price-related negotiation objectives), and other analyses of the proposals

Task: Develop a negotiation plan based on an assessment of the government's priorities and the strengths and weaknesses of all parties involved in the negotiations.

Standard: The plan is designed to accomplish the government's highest priority prenegotiation objectives. At the negotiation meeting(s) with the government team, fully discuss the overall strategy, negotiation plan, roles and responsibilities of team members in the discussions, and limits on what each member may say or do during the negotiation session.

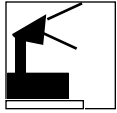
TOPIC: **Negotiation Preparation**

LESSON PLAN

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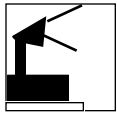
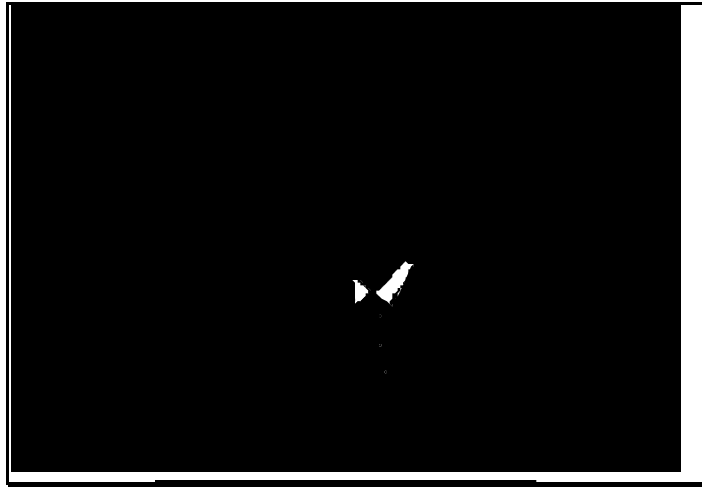
Steps In Presenting The Topic

Instructor Notes



3-1

- a. Introduce preparation as an important part of negotiation .
Explain why contractors are generally better prepared.**



3-2

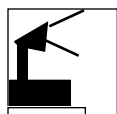
Importance of Preparation

- Cannot be overstated
- Must be prepared to be effective
- Contractors are generally better prepared

Text 3.0, p. 30

TOPIC: Negotiation Preparation

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes**

3-3

- b. Explain what factors influence the size and composition of the negotiation team as well as the amount and scope of preparation and planning required of the negotiation team.**

Organize Negotiation Team

- Typical Team members
 - Price analyst
 - Technical representative
 - Auditor or attorney
- Chief Negotiator
 - Usually CO or GS-1102
 - Does most of bargaining
 - Serves as chairperson

Text 3.1, p. 31-32

The size and composition of the negotiation team depend on the size and complexity of the requirement, the circumstances surrounding the upcoming negotiation, and the personnel available to serve on the government side.

- c. Discuss the role of the negotiation team leader.**

The key person on the negotiation team is the chief or principal negotiator who does most of the bargaining and provides leadership for the negotiating team.

- d. Differentiate between the roles of the contracting officer (CO) and the chief negotiator.**

Although the contracting officer (CO) may be the only team member with the formal authority to obligate the government to contractual agreements, the CO need not be the chief negotiator.

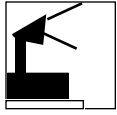
TOPIC: Negotiation Preparation

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Steps In Presenting The Topic

Instructor Notes



3-4

e. Discuss potential negotiation issues.

Identify Issues and Objectives

- Issues: Likely areas of disagreement
- Target price
 - Sum of cost element estimates
 - Fair and reasonable AND flexible
- Other negotiation objectives

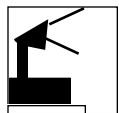
Text 3.2, p. 33-35

The sources of potential issues include:

- Contractor proposals
- Factfinding notes or minutes
- Technical analysis
- Field pricing and audit reports
- The cost or price analysis
- Other proposed business terms and evaluations

TOPIC: Negotiation Preparation

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Ref.**Steps In Presenting The Topic****Instructor Notes**

3-5

The basic goal of any negotiation is a contract that commits the contractor to providing a deliverable that:

Research Contractor's Probable Approach

- Goals and priorities
 - Price issues
 - Non-price issues/needs
- Past styles and tactics
- Pressures and constraints

Text 3.3, p. 35-36

- Will satisfy the government need (in terms of such dimensions as quality and timeliness), and
- Fairly apportions risk between the government and the contractor
- Is at a fair and reasonable price, and
- Satisfies statutory goals, such as small business set-asides, affirmative action.

- f. Explain the importance of developing the target price and the cost elements to consider.

Without a definite price objective, negotiations will often flounder and result in settlements that can be neither explained nor defended.

Review the guidelines in FAR 15.803 and 15.807 regarding the disposition of audit findings and recommendations contained in other advisory reports.

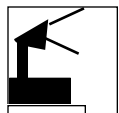
- g. Discuss how to research the contractor's negotiation history and probable approach.

In this regard, potential sources of information may include:

TOPIC: Negotiation Preparation

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Ref.	Steps In Presenting The Topic	Instructor Notes
	<ul style="list-style-type: none"> • The contract proposal and all data submitted with the proposal • Audit reports • Previous proposals or contracts on the same kind of work • Price Negotiation Memoranda (PNMs) with the same contractor or with other contractors for similar work • Contract administrators, negotiators, and other government employees who have had previous dealings with the contractor • Factfinding sessions • Other pertinent documents from contract files of other contracts with the contractor 	
	<p>h. Explain that the negotiation team should research the contractor's negotiation history/approach in terms of:</p> <ul style="list-style-type: none"> • The contractor's goals, • Priorities, • Probable tactics, and • Any relevant pressures or constraints. 	

TOPIC: Negotiation Preparation**LESSON PLAN****Ref.****Steps In Presenting The Topic****Instructor Notes**

3-6

- i. Discuss aspects of the bargaining situation that should be assessed by the negotiation team, for example:

Assess Bargaining Power

- Assess both sides
- Elements:
 - Competition
 - Knowledge
 - Time constraints
 - Bargaining skills
 - Importance of the contract
 - Degree of risk aversion

Text 3.4, p. 37-38

- Pressure and constraints,
- Time constraints,
- Negotiation skills of each side.

Emphasize the importance of knowing the strengths and weaknesses of both sides to gain bargaining leverage. Discuss elements of bargaining power.

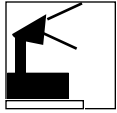
TOPIC: Negotiation Preparation

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3-7

- j. Define terms such as "must points" and "give points", and review which points are best to avoid and which are best to discuss.**

Establish Priorities and Positions

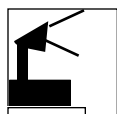
- Classify issues
 - Must points
 - Give points
 - Avoid points
 - Bargaining points (range of possible position)
- Rank issues

Text 3.5, p. 40

- "Must points" are those issues that normally cannot be conceded because of their importance to the government side.
- "Give points" can be used as concessions because they are issues that are relatively low in importance to the government side but may be valuable to the contractor.
- "Avoid points" are those issues that, because of some element of weakness or inflexibility, the government does not want to discuss.
- "Bargaining points" are issues that will generally be subject to offers and counteroffers that fall somewhere between the opening positions of the two sides.

TOPIC: Negotiation Preparation

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3-8

k. Discuss the establishment of the negotiation price range.**Establish Price Range**

- **Minimum**
 - Lowest fair & reasonable price consistent with a win/win outcome
 - Avoid arbitrary amount
 - "Opening Position"
- **Maximum**
 - Highest fair & reasonable price
 - Available funding or ceiling price

Text 3.5, p. 40-41

Government negotiators should determine a minimum position for each major element of contract cost and profit. The minimum price position is the first government counter-offer. In a win/win negotiation, the minimum price should be equivalent to the lowest fair and reasonable price, yet allow the government bargaining space. The use of arbitrary "nice low figures" as a minimum position is neither defensible nor appropriate in the win/win spirit. In fact, it may be counterproductive causing the government to lose credibility.

The minimum price should be determined on the reasonable probability of incurring the costs given a best case scenario. However, negotiators will still have to accept the risk that under the most favorable circumstances, actual contract costs may be lower than the minimum position.

Since price objectives are sometimes exceeded, a maximum position should also be developed. Like the process for determining the minimum position, the maximum position is estimated on the basis of the reasonable probability of least favorable circumstances resulting in the government incurring the highest cost. However, highly unlikely assumptions should be disregarded in making this determination. (The maximum position could also be a ceiling price when the authority of the negotiator or the availability of funding is between the price objective and the true maximum price.

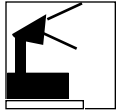
TOPIC: Negotiation Preparation

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3-9

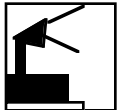
l. Develop negotiation approach, for example:

Develop Negotiation Approach

- Determine order of discussion
- Rehearse potential concessions
- Plan tactics
(Generally avoid application of win/lose tactics)

Text 3.6, p. 42

m. Provide students with an overview of the steps involved in preparing and finalizing negotiation plans and then explain each step in more detail.



3-10

Develop Overall Plan

- Draft a negotiation plan
- Brief management
- Prepare agenda
- Rehearse Plan
- Kickoff briefing

Text 3.7, p. 43-45

TOPIC: Negotiation Preparation

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Identify the first step as preparing a prenegotiation plan and explain that it includes:

- Background information,
- Target objectives,
- Major negotiation issues,
- The negotiation strategy,
- Team members and roles, and
- A schedule.

Identify the second step as orally briefing management on the plan. This step will help the negotiation team determine authority limits and minimum and maximum prices.

Explain that agreement is obtained on various important factors, for example:

- Objectives,
- Issues,
- Team members,
- Roles,
- Schedule, and
- Any limits on concessions or commitments to be made by the government during the negotiations without higher level approval.

Identify the third step as preparing a negotiation agenda which includes:

- A schedule,
- Topics,
- Location(s), and
- Names and titles of government and contractor team members.

Identify the fourth step as rehearsing and finalizing the negotiation plan and strategy. Explain that this includes conducting a simulated negotiation session and challenging the government positions by designating a "devil's advocate".

TOPIC: Negotiation Preparation

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	n. Discuss fifth step the importance of conducting an initial briefing of team members (i.e., a kickoff briefing).	
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	Highlight the importance of team members fully understanding their function.	
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	Review the key points for the kick off briefing:	
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- | | | |
|--|---|--|
| | <ul style="list-style-type: none">• Restatement of government overall goals: Negotiate a fair and reasonable price in a win/win atmosphere resulting in quality products and timely performance• Roles and responsibilities of each team member• A reminder not to address the contractor side unless directed by the chief negotiator• Prohibition of ex parte communications with the contractor side (outside the negotiation conference) (see FAR 15.413)• A warning to safeguard confidential information from the contractor or other unauthorized persons (see FAR 3.104)• Ethical considerations, such as no free lunches or favored treatment• Emphasis that the primary contract price objective is the total contract price, and not the cost of individual cost elements. | |
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TOPIC: CONDUCTING NEGOTIATIONS (CHAPTER 4)

OBJECTIVE: Conduct government contract negotiations.

TIME: 1:15 - 1:45

METHOD: Lecture

LESSON PLAN

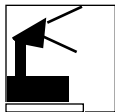
Ref. Steps In Presenting The Topic Instructor Notes

Primary Learning Objective

Condition: Given an RFP, proposals, analysis reports, and the negotiation plan

Task: Conduct government contract negotiations.

Standard: Select and correctly apply tactics to accomplish the government's negotiation strategy, resulting in an agreement with a sole source supplier that accomplishes the government's highest priority objectives for the negotiation.



4-1

a. Conducting negotiation.



The negotiation stage of the government contract process is the phase in which the actual bargaining with the contractor is conducted.

TOPIC: Conducting Negotiations

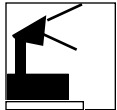
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The length of the negotiation varies for each contract, from a single conference to many bargaining sessions stretching over days and even weeks.

The time needed to negotiate depends on the:

- Complexity of contract,
- Number of issues, and
- Differences between the two parties, as well as
- The personalities and styles of the individual negotiators.



4-2

b. Prepare the negotiation environment.

Prepare Negotiation Environment

- **Space, lighting, furnishings**
- **Table and seating arrangements**
- **Visual aids**
- **Rebrief team members**

Text 4.1, p. 51-52

This includes preparing both the physical environment (also see Chapter 7) and the negotiation team members (on roles and ground rules).

The government usually hosts the bargaining session. When it does, it then has the responsibility for providing the facilities in which a negotiation can be conducted. In preparing the facilities, the physical arrangements should facilitate win/win outcomes. Some important things to consider are:

- Conduct the negotiation in a room with sufficient comfort for both sides, including:
 - Adequate furnishings
 - Appropriate lighting
 - Space for each side
 - Comfortable room temperature
- Provide conference table(s) large enough to comfortably seat all members of both teams with adequate space for

TOPIC: Conducting Negotiations

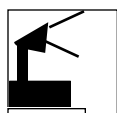
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their work papers, reference material, and briefcases. Sufficient numbers of chairs should be provided for specialists or observers, as needed.

- Provide access to nearby caucus rooms for confidential conferences for each team.
- Provide necessary visual aids, including:
 - Overhead projectors
 - VCR/TV
 - Display charts
 - White boards or chalk boards

Brief team members immediately prior to negotiations on their individual roles during the bargaining session and review the important points of the kickoff briefing.



4-3

c. Present the first two tasks in conducting negotiations:

Negotiate

Task 1. Opening

- Greeting
- Introductions
- Casual conversation

Task 2. Factfinding

- Clear up misunderstandings
- Work to be accomplished

Task 4.2, p. 53-54

The opening of the conference is critical because it sets the stage for the rest of the negotiations. The government team leader is responsible for opening the conference with a statement and presenting the agenda. The opening statement generally consists of background information to facilitate mutual understanding. Consider the following suggestions for the conference opening:

- Extend a firm handshake and cordial greeting to everyone while expressing appreciation for the contractor's interest in obtaining the government contract.

TOPIC: Conducting Negotiations

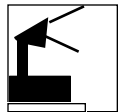
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- Introduce government team members by their full names, titles or positions. To help individuals remember names, consider providing an attendance roster or nameplates for all team members at the conference table.
- Strive to dispel the tension present at every negotiation. Emphasize the government's interest in fairness and a win/win outcome.

After the opening remarks, the chief negotiator should not delve immediately into the major issues of the negotiation. Instead, the first order of business should generally be to ensure that both parties have the same understanding of:

- The work to be done
- Government terms and conditions for performing the work
- Exceptions to those terms and conditions proposed by the contractor
- Facts, assumptions, and judgments submitted by the contractor to support its proposal



4-4

d. Task 3: Discussing issues.

Negotiate

Task 3. Discussing issues

- Contract requirements
- Contract price
 - Low offers
 - High offers

Task 4.2, p. 54-55

Discussions generally begin with both parties seeking agreement on the contract requirements. Until there is a meeting of the minds on all contract characteristics, negotiations on contract price cannot proceed.

When discussing technical issues, always be mindful of the potential impact on price. Remember that every contract

TOPIC: Conducting Negotiations

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requirements, such as the specifications or delivery schedule, can dramatically increase contract costs. For this reason, do not get boxed into a high price by prematurely agreeing with recommendations for "gold plating" the deliverable.

The basic way for the government to negotiate price depends on whether the contractor offer is below or above the lowest government estimate of a fair and reasonable price consistent with a win/win outcome.

Offer guidance on how to best conduct negotiations and reach agreement on price and other terms. Note that in competitive negotiations, discussions with each contractor should be documented.

Negotiating Low Offers

When the contractor has proposed a price that is significantly below the minimum government position on what constitutes a fair and reasonable price, the government should treat the offer as a potential "mistake" under FAR 15.607. The thrust of the negotiations then may be to determine whether or not the contractor can be considered responsive at that price. FAR 9.103(c) stresses that "the award of a contract to a supplier based on lowest evaluated price alone can be false economy if there is subsequent default, late deliveries, or other unsatisfactory performance resulting in additional contractual or administrative costs."

FAR 15.608 also stresses that the purpose of price or cost analysis is "not only to determine whether [the offered price] is reasonable, but also to determine the contractor's understanding of the work and ability to perform the contract." Sometimes, the contractor will discover that there is more to the work than had been anticipated, in which case a higher priced offer may be submitted. If the contractor successfully demonstrates that the work can and will be satisfactorily performed at the offered price, then the contract can be awarded.

TOPIC: Conducting Negotiations

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Negotiating High Offers

In sole source negotiations, the proposed price is usually significantly higher than the government minimum. If the contractor has submitted cost data, the negotiations should generally be conducted in the following order:

- The proposed work design (i.e., the work breakdown structure)
- Direct costs (i.e., materials, labor, and other) of performing the work
- Indirect costs, such as overhead and general and administrative costs
- Profit or fee
- The overall contract price

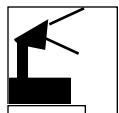
The government goal should be to achieve a mutual agreement on an overall price that is fair and reasonable, without becoming preoccupied with any single element of cost by insisting on reaching agreement on every cost element.

When negotiating on the basis of price analysis alone (no accompanying cost analysis), use the following method of persuasion to reach agreement on lower price:

- Present the reasons for believing that the offered price is too high, such as:
 - Historical prices
 - Other commercial prices
 - Government estimate
- Place the burden on the contractor to prove the offered price is reasonable and fair to both parties

TOPIC: Conducting Negotiations

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Ref.**Steps In Presenting The Topic****Instructor Notes**

4-5

e. Task 4: Reaching Agreements**Negotiate****Task 4. Reaching Agreements**

- Sequencing areas of disagreement
- Agreement through mutual problem-solving
- Agreement through tradeoffs

Text 4.2, p. 56-57

There are different schools of thought on the best sequence for negotiating areas of disagreement:

- Start by negotiating those issues that are of greatest importance before discussing the less important issues. When agreement cannot be reached, lay the issue aside and move on to the next. Once you begin discussing issues of secondary importance, you can trade these secondary issues for the more important unresolved issues.
- Start negotiating on secondary issues first because they are easier to agree on than the more important issues. Such an approach creates a climate of success and mutual cooperation.
- The government should negotiate the contractor demands first. By first making concessions on items important to the contractor, the government creates a win/win environment and is then more likely to receive comparable concessions from the contractor.

There are advantages to each approach. The issues being negotiated, circumstances surrounding the negotiation, and the negotiating styles of the negotiator determine the method most likely to succeed.

Mutual problem-solving involves attempting to overcome conflict by agreeing to alternative solutions satisfactory to both parties.

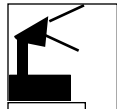
TOPIC: Conducting Negotiations

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
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For example, the contractors often want to own technical data generated by their contract, however, the government generally wants the data available for competitive follow-on acquisitions. Such a problem can often be worked out by contractual language that protects the rights of both parties.

When it is not possible to resolve conflicting positions through mutual problem solving, negotiators will have to attempt to reach agreement through the process of trading. Each party will have to make a concession that is important to its side. A concession made on one issue is traded by getting the other party to concede on a different issue.



4-6

f. Tasks 5: Managing the Team

Negotiate

Task 5. Managing the team

- Present unified position
- Interrupt when necessary

Task 6. Taking breaks and caucuses

- Evaluate position
- Restore control
- Divert attention

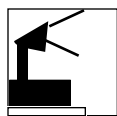
Text 4.2, p.57-58

When there are still some remaining issues, try to reach final agreement by combining the outstanding issues. When the unresolved issues represent a small part of the total deal, this technique may quickly bring a final resolution of all remaining issues. For example, this technique can be successfully applied when material costs and the profit remain unresolved by combining the issues and attempting to reach agreement on total price.

The chief negotiator must exercise the control necessary to ensure effective communications while presenting a unified position to the contractor. He/she must be prepared to interrupt when team members become overeager and enter into an uncontrolled discussion with the contractor.

TOPIC: Conducting Negotiations

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes**

4-6

g. Task 6: Taking Breaks/Caucus**Negotiate****Task 5. Managing the team**

- Present unified position
- Interrupt when necessary

Task 6. Taking breaks and caucuses

- Evaluate position
- Restore control
- Divert attention

Text 4.2, p.57-58

Breaks can be taken:

- By the government to control the pace of the negotiations.
- To ensure private team discussions.
- When one party wants to give the other side the opportunity to evaluate a position or concession.
- To restore team control when one team member has spoken out of turn.
- To restore a cordial and unemotional atmosphere.
- To provide relief from the stress of the negotiation.
- When an important point has been missed.
- To divert the discussion from sensitive issues or areas of weakness.

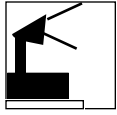
TOPIC: Conducting Negotiations

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes



4-7

h Task 7: Closing

Negotiate

Task 7. Closing the deal

- Do not prolong discussion
- Assure wavering parties
- Ask "when would you start work?"
- Summarize areas of agreement
- Extend handshake

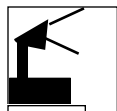
Text 4.2, p.58

The negotiation should be closed as soon as possible once both sides reach general agreement. Strategies to use in closing the deal include:

- Exhibit your conviction that the agreement is at hand.
- Assure a wavering party, e.g., "I am confident that we both have a good deal."
- Show anticipating that a deal has been reached by discussing the wording of the agreement.
- Focus attention on your intent to enter into an agreement.
- Summarize the areas of mutual agreement and extend a handshake as a gesture of closure.

TOPIC: Conducting Negotiations

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes**

4-8

i. Describe documentation of negotiation results.**Prepare PNM**

- Price negotiation memo (PNM):
 - Historical record
 - Supports negotiated price
 - Basis for pricing modifications
- PNM demonstrates:
 - Fair & reasonable price
 - Significant facts considered
 - How facts influenced judgment
 - Data not considered or relied on
 - How new data changed price

Text 4.3, p. 59-61

Describe the purpose of the price negotiation memorandum (PNM) and its role in the documentation stage of the government contract negotiation process.

The official contract file must include written documents demonstrating, clearly and conclusively, what was agreed to in regards to price, terms and conditions, schedule, and work requirements. The documents must show all significant facts considered in reaching agreement with the contractor.

Inform students of the information that must be included in the PNM (the six sections) and how and when it is prepared.

In writing the PNM, identify and discuss all negotiation issues in sufficient detail to allow accurate reconstruction of the procurement for immediate review and future reference.

The PNM must fully support the recommendation for award.

AFTERNOON BREAK

TOPIC: NONVERBAL NEGOTIATING (CHAPTER 7)

OBJECTIVE: Recognize and interpret nonverbal cues used by participants (including self). Use nonverbal messages.

TIME: Monday 2:05 - 3:00 pm

METHOD: Lecture

LESSON PLAN

Ref.

Steps In Presenting The Topic

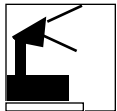
Instructor Notes

Primary Learning Objective

Condition: Given all the group cases (minus the appendix)

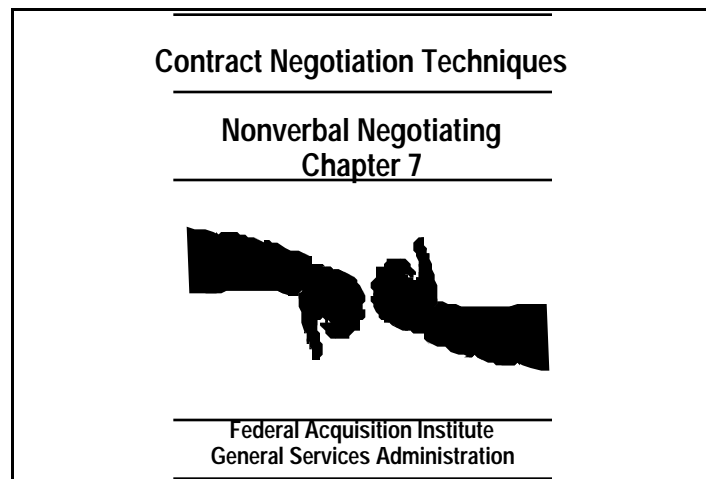
Task: Recognize and interpret nonverbal cues used by participants (including self). Use nonverbal messages.

Standard: Correctly recognizes and interprets nonverbal cues.



7-1

a. Re-emphasize the definition of negotiation as:



“... a **communication** process whereby both parties attempt to reach agreement on a matter of common concern.”

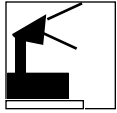
TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes



7-2

Nonverbal Negotiating

- Negotiation officially defined as a “Communication process whereby both parties attempt to reach agreement on a matter of common concern”
- 70 - 90 percent of communication neither spoken nor written word
- Good negotiators must be good non-verbal communicators

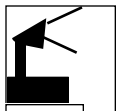
Text 7.0, p. 98

Verbal communication means communication with words whether spoken or written. Verbal formulations account for only a small portion of the messages people send and receive. Scientific research has shown that between 70 and 90 percent of the entire spectrum of all communication is of the nonverbal variety.

b. Define nonverbal communication as:

“all forms of communication that are not derived from the language we speak or write.”

c. Discuss the role of nonverbal communication within a negotiation environment, including consistencies or discrepancies between verbal and nonverbal messages.



7-3

Importance of Nonverbals

Importance of Nonverbals in Negotiations

- Obtain information from other side
- Prevent inadvertent disclosures of information
- Validate verbal messages/detect dishonesty
- Project positive bargaining position

Text 7.1, p. 99

TOPIC: Nonverbal Negotiating

LESSON PLAN

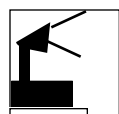
Ref.	Steps In Presenting The Topic	Instructor Notes
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Bargainers who look only for the overt meanings of verbal signals by focusing on what they see in writing or what they hear in human speech, miss many important messages. Negotiators with an awareness of both nonverbal and verbal messages have an important edge. They will be able to glean useful information from the other side, and avoid inadvertently sending nonverbal signals that disclose confidential information or weaknesses in their bargaining position.

The types of nonverbal communications typically found in the bargaining setting that are most helpful to negotiators consist of:

- Body language,
- Physical environment,
- Voice sounds, and
- The handshake.

d. There are over a dozen different nonverbal specialties. The kinds of nonverbal communication most common to negotiations can be categorized as:



7-4

Types of Nonverbal Negotiating

- Kinesics (Body language)
 - body movements
 - gestures and posture
 - facial expression
- Oculistics (Eye movements)
- Haptics (Touching behavior)
- Vocalics (Voice sounds)
- Proxemics (Space and distance)

Text 7.1, p. 100

- The study of space and distance (proxemics).

e. Review illustration one in text and show different nonverbals.

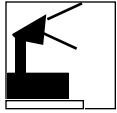
TOPIC: Nonverbal Negotiating

LESSON PLAN

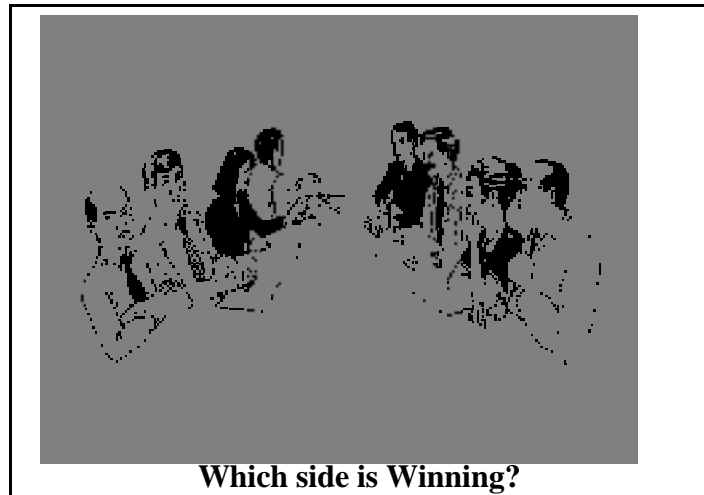
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Steps In Presenting The Topic

Instructor Notes



7-5

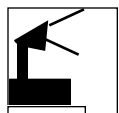


Ask class which side is winning? Team members on left side appears angry and unhappy because of facial expressions and gestures. Defensiveness is shown by crossed arms, clenched fist and pointing finger. Looking at watch displays preoccupation or indifference. Loose tie and lack of suit coat may also be an indication of incompetence or lack of professionalism.

In contrast, team on the right looks professional and displays positive attitudes. Hand on lapel shows confidence while extended arms and open hands show honesty. Interest is also shown by writing notes and the hand on chin demonstrating an “evaluation” gesture. All team members on right have facial expressions showing confidence and do not appear unhappy or angry.

TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes****f. Discuss different nonverbal messages.**

7-6

Nonverbal Message Delivery

- Conscious and deliberate nonverbals
 - sender and receiver are aware of message
- Subliminal nonverbals
 - sent to subconscious mind
 - receivers not consciously aware
- Involuntary nonverbal
 - unintentional signals
 - more honest than verbal messages
- Ambiguous meanings
 - yawn or eye blinking examples
 - cultural differences

Text 7.1, p. 100-102

Nonverbals can be communicated as conscious or subliminal messages in either a deliberate or involuntary manner. Discuss examples of each, e.g., the individual extending a hug consciously wants to convey friendship.

Senders of conscious nonverbals are deliberately trying to communicate. Most receivers of conscious nonverbal communication are aware of the meaning intended by the sender.

Subliminal nonverbals. Subliminal messages are communicated to the subconscious mind of the receiver. Receivers of subliminal messages are not consciously aware of the message. Gut reactions are frequently based upon the subconscious reading of subliminal nonverbals, so we should not ignore them when forming opinions. In fact, subconscious communication often has a more powerful impact than conscious messages. Modern society provides us with many examples of subliminal nonverbals, e.g., police uniforms subliminally communicate authority.

Involuntary nonverbals. Most nonverbal messages are sent involuntarily. This is particularly true with body language, i.e., facial expressions, gestures, and body postures. Sometimes nonverbals cannot be accurately interpreted because the messages have multiple meanings, e.g., a yawn may be either lack of interest or actual physical fatigue

g. Introduce the issue of body language.

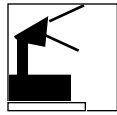
TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes



7-7

Body Language

- Expressions of face, head & body
- 135 distinct gestures
 - 80 face and head gestures
 - 9 distinct ways of smiling
- Sends positive or negative messages



Text 7.2, p. 103

The meanings of the same nonverbal can be different in other societies. Just as the same sounding word has different interpretation when spoken in other languages, identical nonverbals are sometimes interpreted in different ways by other cultures.

Understanding body expressions is tremendously important for the negotiator because physical manifestations transmit important messages that either validate or conflict with verbal communication. Most physical expressions consist of involuntary reactions which communicate messages that the originator inadvertently sends. Research has catalogued 135 distinct gestures and expressions of the face, head, and body.

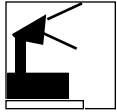
Body language indicates varying attitudes of the originator. Quite frequently multiple expressions conveying the same meaning are exhibited at the same time. These simultaneous physical signals reinforce each other and may reduce ambiguity surrounding the message.

The common attitudes communicated nonverbally during negotiations can be grouped into the two broad classifications of positive attitudes and negative attitudes.

Discuss examples of body expressions exhibiting positive attitudes such as:

TOPIC: Nonverbal Negotiating**LESSON PLAN****Ref.****Steps In Presenting The Topic****Instructor Notes**

- Confidence,



7-8

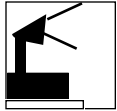
Body Language - Confidence

Positive Attitudes

- Hands in pocket with thumbs out
- Hands on lapel of coat
- Steepled fingers or hands
- Good body posture, such as square shoulders and a straight back
- Hands on hips

Text 7.2, p. 103

- Interest,



7-9

Body Language - Interest

Positive Attitudes

- Tilted head toward speaker
- Sitting on edge of chair
- Upper body leaning in sprinters position

Text 7.2, p. 103

TOPIC: Nonverbal Negotiating

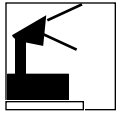
LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

- Evaluation,



7-10

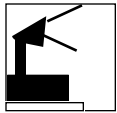
Body Language - Evaluation

Positive Attitudes

- Peering out over eyeglasses
- Pipe smoker gesture with chin cupped between thumb and fingers (classic example is 19th century Rodan sculpture "The Thinker")
- Putting hands to bridge of nose
- Stroking chin

Text 7.2, p. 104

- Eagerness.



7-11

Body Language - Eagerness

Positive Attitudes

- Rubbing hands together
- Smiling excessively
- Frequently nodding of the head

Text 7.2, p. 104

Discuss examples of body expressions exhibiting negative attitudes, such as:

TOPIC: Nonverbal Negotiating

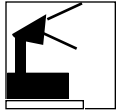
LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

- Deception or dishonesty,



7-12

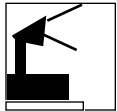
Negative Attitudes

Body Language - Deception or Dishonesty

- Frequent eye blinking
- Hand covering mouth while speaking
- Looking away while speaking
- Quick sideways glances

Text 7.2, p. 104

- Defensiveness,



7-13

Negative Attitudes

Body Language - Defensiveness

- Arms crossed high on chest
- Crossed legs
- Pointing index finger

Text 7.2, p. 104

TOPIC: **Nonverbal Negotiating**

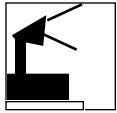
LESSON PLAN

Ref.

Steps In Presenting The Topic

Instructor Notes

- Insecurity,



7-14

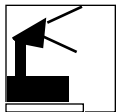
Body Language - Insecurity

Negative Attitudes

- Hands completely in pocket
- Constant fidgeting
- Chewing pencil or biting fingernails
- Hand wringing

Text 7.2, p. 104

- Frustration,



7-15

Body Language - Frustration

Negative Attitudes

- Tightness of jaw
- Rubbing back of neck
- Drawing brows together

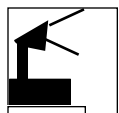
Text 7.2, p. 104

TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes**

- Boredom or indifference.



7-16

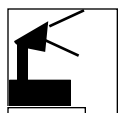
Body Language - Boredom or Indifference

Negative Attitudes

- Eyes not focused at speaker or looking elsewhere
- Head in hand
- Sloppy or informal body posture

Text 7.2, p. 106

- h. Discuss how the physical environment sends nonverbal messages.**



7-17

Physical Environment - Seating arrangements

Nonverbal Negotiating

- Bargaining table configuration
 - Size and shape
 - Distance between negotiators
- Position of chief negotiator
- Make seating arrangements conducive to win/win negotiations

Text 7.3, p. 106

Nonverbal messages can be communicated through the arrangement of the physical environment. Examples of characteristics of the physical environment that can communicate messages include:

- Size and shape of bargaining tables
- Position of chief negotiator

TOPIC: Nonverbal Negotiating

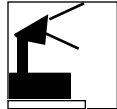
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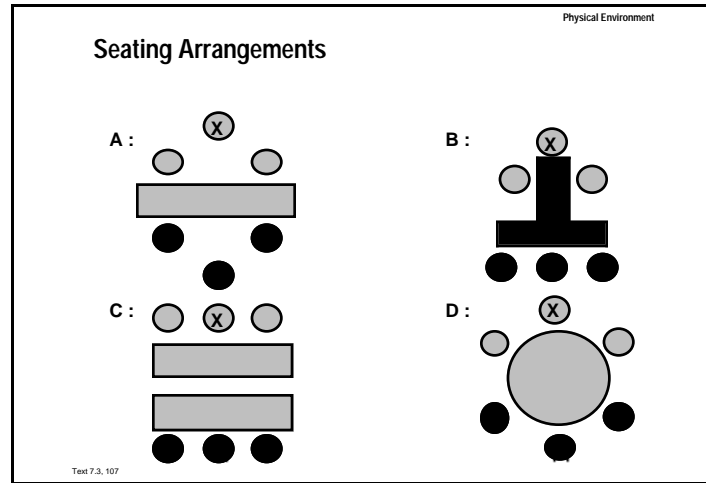
Steps In Presenting The Topic

Instructor Notes

- Facility signals



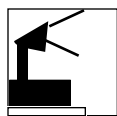
7-18



Seating arrangements convey powerful nonverbal messages. They include the size and shape of the bargaining tables and the seating location of the chief negotiator. Although there is no standard table configuration for every negotiation session, the way the bargaining tables are arranged transmits important conscious and subliminal messages.

The best table arrangement for any negotiation depends on the situation. However, win/win negotiation attitudes can be promoted with table configurations that convey trust. In contrast, win/lose attitudes are created by table settings that communicate disparity or mistrust between the two sides.

The physical position of the lead negotiator is generally at the center of the negotiation team. The central position conveys a message of authority and sends an image of a unified bargaining team. This also allows members to whisper advice, give cues, or pass notes to the lead negotiator.

TOPIC: Nonverbal Negotiating
LESSON PLAN
Ref.
Steps In Presenting The Topic
Instructor Notes


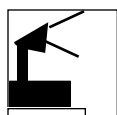
7-19

Physical Environment - Facility Signals

- Impressive offices/prestige location
- Associated with other tangible traits, such as quality
- How government can offset
 - Negotiate at better, alternate locations
 - Make area as presentable as possible
 - Don't lose confidence

Text 7.3, p. 107-108

Impressive facilities can communicate positive attributes about the host and the host organization, such as success, credibility, and quality. In addition, such facilities can increase the self-assurance of the host and lower the confidence of the guest negotiators. Substandard facilities may have the opposite effect. Although bargainers may not realize the effects of such nonverbal messages, such signals are often powerful enough to have a significant influence on negotiations.

i. Discuss the nonverbal messages communicated by personal appearance.


7-20

Personal Appearance

- Dress for success
 - appear as you would for a new job interview
- Affects credibility and bargaining position
- Perception more important than reality
- When you look good, you will feel good and perform better!


Text 7.4, p. 109

Many otherwise good negotiators overlook the importance of personal appearance during negotiations, and consequently lose credibility. Personal image influences the negotiation by

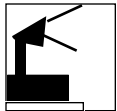
TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref. Steps In Presenting The Topic Instructor Notes

conveying positive or negative attributes about both the negotiators and their bargaining positions. Appear for negotiations as you would dress for a promotion or job interview, e.g., with proper grooming.

j. Discuss the importance of the sound of the voice.



7-21

Voice Sounds

- Include inflection, pronunciation , volume, and speed
- Talk in a confident, articulate ,and persuasive manner
- Avoid Harshness/Tentativeness /Mispronunciation
- Listen for how words are spoken



Text 7.5, p. 110

Discuss nonverbal messages indicated by the sound of the voice and vocalics, the study of voice sound.

Vocalics includes the inflection of the voice, pronunciation of words, the volume of the voice, and the speed of delivery.

The precise way the voice sounds projects positive or negative signals which can influence the negotiation.

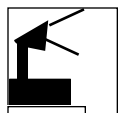
For example, a harsh or loud delivery could alienate people and indicate a win/lose negotiation style. Similarly, tentativeness in speech could be an indication of uncertainty, while mumbling could indicate deceit. Likewise, mispronouncing words could imply ignorance or incompetence. And like all nonverbals, the sound of the voice transmits both conscious messages and subliminal messages to the subconscious mind.

Demonstrate how the same thing said in different voice patterns convey different meanings.

Government negotiators can use their voice to their advantage by speaking at a moderate pace in a confident and articulate manner. It is important to speak in a calm, persuasive manner and not raise your voice or talk harshly.

TOPIC: Nonverbal Negotiating

LESSON PLAN

Ref.**Steps In Presenting The Topic****Instructor Notes****k. Discuss the importance of the handshake.**

7-22

Handshake

- Initial handshake most important
- "Executive Grip" gets best results
- Don't use loose shake or just grab fingertips
- Reinforce with other positive nonverbals

Text 7.5, p. 110-111

Handshakes are a common example of haptics, or touching behavior. Nonverbal messages are transmitted by the way the handshake feels to each side. Discuss the implications of different types of handshakes.

A firm handshake or "executive grip" conveys such positive attributes as power, confidence, and sincerity. In contrast, a loose handshake may send unflattering messages of weakness and insecurity. Some people may even feel slighted when someone uses a casual handshake or just grasps their fingertips.

Emphasize the importance of the initial introductory handshake compared to the handshake concluding the bargaining session, and the appropriate way to shake hands.

The positive signals conveyed by an appropriate handshake should be accompanied, and thereby reinforced, by other forms of consistent nonverbal messages. For example, handshakes concluding an agreement could be accomplished by prolonging the shake, by using both hands, or by extending the other hand on the shoulder or upper arm of the other party. Using the other hand in such ways often represents higher degrees of agreement.

TOPIC: PROTECTO CASE PREVIEW

OBJECTIVE: Prepare for Negotiations.

TIME: Monday 3:00 - 3:30 pm

METHOD: Lecture

LESSON PLAN

Ref.	Steps In Presenting The Topic	Instructor Notes
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Primary Learning Objective

Condition: Given the primary learning objective condition, and Chapters 1-4 and 7

Task: Negotiate (Protecto Case)

Standard:

- Comply with bargaining techniques given in Chapter 5.
- Correctly recognize and interpret nonverbal cues presented in Chapter 7.
- Given the nonverbal cues, make appropriate adjustments to one's own verbal and nonverbal messages.

ASSIGN TEAMS

- a. A maximum of 24 students are allowed in the class; assign six teams consisting of no more than four persons per team.**

The four person team limit will give every team member an opportunity to serve as a chief negotiator for at least one group case and to serve as the observer on another case.



(NOTE: Every student is required to be a chief negotiator for at least one group exercise.)

- b. Ask for volunteers or assign teams arbitrarily using such factors as experience and education to determine who will be on each team.**

Students stay on the team to which they are initially assigned. Negotiation teams are matched against each other with the dual goal of maximizing role reversal and the variety of the opposition.

TOPIC: Protecto Case Preview**LESSON PLAN****Ref. Steps In Presenting The Topic Instructor Notes**

Maximum role reversal is achieved during the four group exercises by assigning a government/buyer role to each team twice and a contractor/seller role to each team twice.



(NOTE: Two of the six teams will play the same role three times and the other role only once.)

Maximizing the variety of opposition is achieved by matching different teams against each other for each case, such as using Team A versus Team F because Team A went against Team D on the previous case. (Every negotiation should be against a different team except for the last day when one rematch will occur.)



- c. **Label teams A, B, C, D, E, and F. Write team matchups for the Protecto case on the blackboard in the following fashion:**

<u>Government</u>	<u>Contractor</u>
A	D
B	E
C	F

Thus, for the Protecto Case, Team A will represent the government and will negotiate with Team D representing Protecto, etc.



See Protecto Case Handouts in Appendix D

- d. **Pass out Protecto Government handouts to teams A, B, and C, and Protecto Contractor handouts to teams D, E, and F.**

- e. Pass out the Student Negotiation Ground Rules Handout, Observer Handout, and Preparation Handout. Briefly review Observer and Preparation handouts. Inform observers for Protecto not to complete the “tactics” section of the “observer handout” because the subject of tactics (chapter 6) has not been covered.

- f. **Review all 17 points of the Student Negotiation Ground Rules Handout.**

TOPIC: PROTECTO CASE PREVIEW

OBJECTIVE: Prepare for Negotiations.

TIME: Monday 3:00 - 3:30pm

METHOD: Lecture

LESSON PLAN		
Ref.	Steps In Presenting The Topic	Instructor Notes